MEMO

To: Housing Methodology Committee (HMC)
From: ABAG Staff
Date: October 11, 2006
Subject: RHNA Allocation Methodology Scenarios

Background

As part of the Regional Housing Needs Allocation (RHNA) process, the Housing Methodology Committee (HMC) has been tasked with assisting ABAG staff in developing the methodology for allocating shares of the regional housing need to each city and county in the Bay Area.

By statute, there are nine factors that must be considered in developing the allocation methodology.[1] These factors address issues such as protection of open space and agricultural lands, jobs-housing balance, and water and sewer capacity.

Factors are used to assign a share of the region's total housing need to individual jurisdictions. The factors cannot be used to change the total regional housing need. Therefore, the factors are always expressed as a share of the regional total. If used as factors, these same shares are then used to assign a proportion of the regional housing need to the jurisdiction.

Over the past several months, the HMC has been working to determine which factors should be included in the methodology. The committee's discussion has been framed by the need for the methodology to meet the statutory RHNA objectives as well as to further the Bay Area's regional goals for growth.

In the interest of developing the allocation methodology, the HMC requested that ABAG staff generate several possible allocation scenarios for their consideration. This memo describes the seven scenarios developed using the factors the HMC identified for inclusion in the methodology. The scenarios include factors related to housing growth, jobs, and areas served by public transportation. The different ways of using these factors, and the benefits and disadvantages of each, are also presented. A fourth factor—city-centered growth policies—was not included in the scenarios at this time, but may be added later if the HMC deems it necessary.

There were several factors identified by the HMC for possible inclusion in the methodology that were not included in the scenarios. These factors, and the reasons why they were not used, are described at the end of the memo.

[1] Government Code Section 65584.04(d).

Proposed Allocation Factors

Over the course of several meetings, the HMC has discussed the full set of potential methodology factors and concluded that four broad categories of factors ought to be considered for inclusion in the methodology:

- Housing growth
- Employment
- Transportation
- City-centered growth policies

These four broad categories include a wide range of individual factors discussed by the committee. As staff developed the allocation scenarios, it became clear that several of the factors proposed by the HMC could not be included in the methodology. These factors, and the reasons they were removed from consideration, are described at the end of this memo.

The individual factors that have been incorporated into the methodology scenarios are:

- Housing growth
- Existing jobs
- Job growth
- A combination of existing and future jobs
- Access to public transit
- City-centered growth policies

Regional Allocation Scenarios

Staff developed several possible allocation methodologies that incorporate the six factors described above (Attached). These scenarios can be separated into three major categories. The first category, which consists of Scenario 1, is based solely on expected housing growth. The second category includes Scenarios 2, 3, and 4, which all seek to balance housing growth with different employment factors. The third category includes Scenarios 5, 6, and 7. These also balance housing and employment, but also include a factor to direct housing to areas served by public transit (indicated as TOD Housing).

These three categories mirror the decisions that the HMC must make in determining the final shape of the allocation methodology. The committee must first decide whether a methodology based solely on housing growth is sufficient. If not, the HMC must then consider whether including a jobs-related factor is important. If so, there are three possible options for selecting an employment factor. Once the employment factor has been selected, the committee must then decide whether it is appropriate to incorporate a factor for public transit.

Finally, once the range of factors in the methodology has been decided, the HMC must decide the relative importance of each factor. This step involves assigning a weight to each factor that represents its proportion of the whole. Thus, the weights assigned must total 100 percent.

Scenario 8 on Attachment 1 demonstrates the final step in building the methodology, which involves assigning weights to each factor that has been selected for inclusion. This scenario provides an example of how the factors can be weighted differently, and the impact that the different weights have on the allocations. In this scenario, Housing Growth is given a 60 percent weight, Jobs in 2014 is given a 20 percent weight, and TOD Housing is given a 20 percent weight.

Housing Growth
Scenario 1 is based on the idea that the regional housing need should be distributed based on where housing growth is expected to occur in the region. Projected household growth represents the need to provide housing for future population increases. Information about projected household growth is taken from ABAG's *Projections* forecast. In determining where household growth is likely to occur in the region, *Projections* considers local plans for growth and the expected market demand for housing.

In 2002, ABAG's Executive Board resolved to use the regional goals and Network of Neighborhoods vision[2] as the basis for the *Projections* forecasts. Since that decision, *Projections* assumes that, over time, local land use policies will move the region closer to meeting the regional goals. The policy-based *Projections* specifically forecast more growth in existing communities and near transit, while directing growth away from agricultural areas and open space. As a result, the growth forecast used as the basis for estimating housing need for the RHNA process already encourages growth in areas with existing transportation infrastructure and in areas with public transit.

Balancing Housing and Employment
The scenarios in this category are based on the premise that housing and jobs are both primary determinants of future housing need. These scenarios recognize that, in addition to housing growth, the presence of jobs in a community also generates demand for housing to accommodate the people that work at those jobs. Including a jobs factor will direct future growth to areas based on where there are, or will be, significant numbers of jobs. Over time, linking housing growth to jobs will result in a better jobs-housing balance throughout the region.

In these scenarios, the housing growth factor is paired with one of three possible jobs-related factors:

Scenario 2 includes the jurisdiction's job growth between 2007 and 2014. Incorporating this factor would encourage jurisdictions to add housing in concert with job growth during the RHNA period. As a result, the methodology would seek to achieve a jobs-housing balance based solely on future growth. It would not take into consideration those areas that already have a high proportion of jobs.

Scenario 3 uses the jurisdiction's total jobs in 2014. This factor allocates growth based on a balance of a community's existing number of jobs and its expected employment growth through 2014. As a result, it represents a combination of the existing jobs and job growth. Using this factor would encourage a jobs-housing balance based on how existing conditions are expected to change during the RHNA period. Incorporating both existing and future conditions reduces the likelihood that jurisdictions would be penalized for adding jobs in order to "fix" an existing jobs-housing imbalance.

Scenario 4 includes the jurisdiction's total jobs in 2007. This factor would direct housing growth to those areas that currently have a high proportion of jobs. This would encourage a better jobs-housing balance based on existing conditions, but would not consider future job growth.

Housing Near Transit
Scenarios 5, 6, and 7 build on the previous examples of balancing housing growth and employment by adding a factor to direct housing growth to areas that are served by public transit. In these three examples, the transit factor is the same—the differences are based on the employment factors used.

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[2] This vision was the regionally-accepted outcome of the Smart Growth Strategy/Regional Livability Footprint Project completed in 2002.

The public transit (or TOD housing) factor directs additional housing growth to areas that have access to public transit. The public transit services included in this factor are those with fixed infrastructure, such as heavy and light rail systems and ferries.[3] Only existing transit services are included as part of the factor. In effect, the factor assigns more of the housing growth during the RHNA period to areas within a half mile[4] of the stations along these transit routes.

Choosing to include a factor in the methodology that directs growth to areas with public transit would reinforce the importance of encouraging growth in areas with a variety of transportation options. In effect, it would give extra weight to this regional goal, over what has already been done in the *Projections* forecast.

Also, it is expected that the most significant impacts from the use of the regional goals in *Projections* will not begin to take effect until 2010. Directing growth to areas with public transit in the methodology would ensure that this regional goal influences development patterns during the RHNA period.

City-Centered Growth Policies

Another factor the HMC considered using in the methodology is one related to city-centered growth policies. The purpose of this factor is to direct more growth away from unincorporated areas and toward cities.

One way to incorporate this goal would be to include a factor that affects only cities and not unincorporated areas. For example, the public transit factor accomplishes this to a certain extent because most transit infrastructure is in cities. Another possibility would be to adjust one of the other factors in the methodology, such as employment, so that the allocation to an unincorporated area is reduced.

A city-centered growth factor was not included in the scenarios because the other factors included in the scenarios seemed to accomplish the goal of moving growth away from the unincorporated areas. However, this factor can be developed into an allocation scenario if the HMC determines it is necessary.

Summary

The scenarios described above offer several different options for how the factors identified by the HMC can be incorporated into an allocation methodology. In selecting the factors to include, committee members should consider the following questions:

- How do housing growth and employment compare in terms of the amount of housing need they are likely to generate?
- What is the most appropriate balance for allocating housing need based on housing growth and employment?
- In choosing among the jobs-related factors, what is the best way to balance the existing distribution of jobs with areas that are expected to experience significant job growth?
- Is it important to take additional steps to encourage housing near transit?

Once these issues have been addressed and a final set of factors has been chosen, the HMC will then work with ABAG staff to determine the best way to weight each of the allocation factors.

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[3] The rail service providers included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light rail.

[4] The half-mile area was chosen based on accepted planning practice, which has found that people will generally only walk a half mile to a transit station. This is the same standard used in the Metropolitan Transportation Commission's Regional Transit Expansion Program.

Factors Not Included in the Scenarios

There were several potential methodology factors identified by the HMC that were not included in the sample allocation scenarios. These factors, and the reasons why they were not used, are listed below.

Areas With Traffic Congestion

The HMC proposed including a factor that would direct growth away from areas with extreme traffic congestion. This was based on a concern that additional housing growth in these areas would exacerbate the traffic problem.

Since factors are used to allocate a share of housing need, it is difficult to use "negative" factors that attempt to push housing units to other areas. As a result, it was not possible to include traffic congestion as a factor. However, the factor that encourages housing growth near public transit has the potential to help alleviate traffic congestion by enabling more people to use alternative methods of travel.

Commute Sheds

The HMC expressed interest in the possibility of using commute sheds as the basis for determining the balance between jobs and housing. Commute sheds show commute patterns and the spatial relationships among housing and jobs. This factor was proposed because there was some concern that a single jurisdiction was too small an area in which to expect a jobs-housing balance.

In addition, one of the important reasons for evaluating the jobs-housing balance is to try to reduce the need for long commute trips and the traffic congestion they create. Using this as a factor would allow for more detailed information about how to achieve a jobs-housing balance that would most directly affect traffic patterns.

This factor was not included in the allocation scenarios because there was not sufficient information available.

	Housing Growth	Balancing Housing and Employment			Balancing Housing and Jobs and Putting Housing Near Transit				
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	
	100% Housing	50% Housing 50% Job Growth	50% Housing 50% total jobs 2014	50% Housing 50% total jobs 2007	40% Housing Growth 40% Job Growth 20% TOD Housing	40% Housing Growth 40% Total Jobs 2014 20% TOD Housing	60% Housing Growth 20% Total Jobs 2007 20% TOD Housing	60% Housing Growth 20% Total Jobs 2014 20% TOD Housing	Previous RHNA
	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
ALAMEDA	1,882	2,452	1,930	1,881	2,308	1,890	1,852	1,871	2,162
ALBANY	337	301	332	337	241	265	269	267	277
BERKELEY	1,628	1,908	3,188	3,351	2,282	3,305	2,746	2,681	1,269
DUBLIN	5,122	3,784	3,287	3,239	3,122	2,725	3,439	3,459	5,436
EMERYVILLE	802	904	1,050	1,072	1,232	1,348	1,258	1,249	777
FREMONT	4,103	5,188	5,194	5,223	5,202	5,207	4,783	4,771	6,708
HAYWARD	2,924	3,302	3,836	3,917	3,700	4,128	3,795	3,763	2,835
LIVERMORE	4,445	5,194	4,028	3,916	4,155	3,223	3,344	3,390	5,107
NEWARK	799	896	1,073	1,099	836	978	879	868	1,250
OAKLAND	13,978	12,908	13,751	13,905	17,960	18,634	18,786	18,725	7,733
PIEDMONT	19	20	73	79	16	58	39	37	49
PLEASANTON	2,673	3,876	3,379	3,342	3,196	2,798	2,501	2,516	5,059
SAN LEANDRO	2,294	2,479	2,532	2,551	2,558	2,601	2,512	2,505	870
UNION CITY	1,938	2,408	1,714	1,644	2,272	1,716	1,778	1,806	1,951
UNINCORPORATED	1,684	1,535	1,629	1,646	1,228	1,303	1,332	1,325	5,310
ALAMEDA COUNTY	44,628	47,156	46,995	47,200	50,308	50,180	49,315	49,233	46,793
ANTIOCH	3,414	2,918	2,482	2,441	2,386	2,037	2,393	2,410	4,459
BRENTWOOD	4,592	2,990	2,604	2,564	2,581	2,272	3,051	3,067	4,073
CLAYTON	283	204	191	190	163	153	190	190	446
CONCORD	4,036	4,003	4,254	4,302	3,823	4,024	3,956	3,936	2,319
DANVILLE	609	595	791	817	476	633	571	560	1,110
EL CERRITO	406	392	421	427	646	669	666	663	185
HERCULES	687	599	463	449	479	371	454	460	792
LAFAYETTE	393	225	537	575	246	496	453	438	194
MARTINEZ	1,272	1,425	1,380	1,382	1,213	1,178	1,135	1,134	1,341
MORAGA	297	224	307	318	179	246	246	241	214
OAKLEY	1,580	1,156	935	912	974	797	1,046	1,055	1,208
ORINDA	222	151	300	318	164	283	259	252	221

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	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
PINOLE	644	470	531	540	376	425	474	470	288
PITTSBURG	3,293	3,012	2,352	2,285	3,923	3,395	3,745	3,772	2,513
PLEASANT HILL	634	621	883	918	497	707	620	607	714
RICHMOND	4,010	3,545	3,501	3,510	3,027	2,992	3,199	3,195	2,603
SAN PABLO	385	394	401	403	315	321	315	314	494
SAN RAMON	5,111	4,431	4,007	3,973	3,545	3,206	3,634	3,647	4,447
WALNUT CREEK	2,807	2,573	3,397	3,507	2,578	3,237	3,045	3,001	1,653
UNINCORPORATED	1,398	1,215	1,139	1,134	1,016	955	1,057	1,058	5,436
CONTRA COSTA COUNTY	36,074	31,145	30,878	30,964	28,609	28,395	30,508	30,474	34,710
BELVEDERE	19	13	43	47	11	35	26	25	10
CORTE MADERA	219	250	333	344	200	266	225	221	179
FAIRFAX	88	81	109	112	65	87	80	79	64
LARKSPUR	628	471	719	750	881	1,080	1,056	1,043	303
MILL VALLEY	230	265	447	470	212	357	280	271	225
NOVATO	1,839	2,323	1,873	1,832	2,084	1,724	1,694	1,711	2,582
ROSS	27	20	40	42	16	32	27	27	21
SAN ANSELMO	104	117	239	254	93	191	143	137	149
SAN RAFAEL	1,387	1,770	2,162	2,219	1,690	2,004	1,716	1,694	2,090
SAUSALITO	56	157	263	277	116	200	123	118	207
TIBURON	75	86	185	198	80	160	121	116	164
UNINCORPORATED	369	622	647	654	498	517	409	406	521
MARIN COUNTY	5,042	6,175	7,059	7,198	5,945	6,653	5,901	5,846	6,515
AMERICAN CANYON	1,053	1,046	662	621	837	530	670	686	1,323
CALISTOGA	56	97	117	120	78	94	71	69	173
NAPA	2,475	2,312	2,426	2,449	1,850	1,941	1,970	1,960	3,369
ST HELENA	56	64	204	221	51	163	111	104	142
YOUNTVILLE	91	87	128	134	69	103	90	88	87
UNINCORPORATED	364	585	888	928	468	711	517	501	1,969
NAPA COUNTY	4,095	4,191	4,426	4,473	3,353	3,541	3,427	3,408	7,063

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	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
SAN FRANCISCO COUNTY	17,683	28,269	28,474	27,715	37,257	37,421	32,801	33,105	20,372
SAN MATEO COUNTY	18,332	18,332	18,332	18,332	18,332	18,332	18,332	18,332	16,305
CAMPBELL	754	675	1,080	1,131	540	864	754	733	777
CUPERTINO	1,088	1,114	1,540	1,597	891	1,232	1,074	1,051	2,720
GILROY	1,959	1,825	1,725	1,720	1,577	1,497	1,589	1,591	3,746
LOS ALTOS	299	235	474	504	188	379	321	310	261
LOS ALTOS HILLS	115	66	116	122	53	93	95	92	83
LOS GATOS	441	431	826	875	344	660	526	507	402
MILPITAS	2,588	2,413	2,840	2,901	2,466	2,807	2,731	2,706	4,348
MONTE SERENO	75	42	53	54	33	42	52	51	76
MORGAN HILL	1,633	1,518	1,315	1,297	1,323	1,160	1,281	1,288	2,484
MOUNTAIN VIEW	2,601	2,733	3,097	3,153	2,750	3,041	2,866	2,843	3,423
PALO ALTO	2,839	2,734	4,409	4,622	3,068	4,409	3,866	3,781	1,397
SAN JOSE	41,434	38,690	33,734	33,302	35,338	31,373	34,280	34,453	26,114
SANTA CLARA	5,394	5,389	6,101	6,210	5,522	6,091	5,853	5,809	6,339
SARATOGA	339	264	395	412	211	316	301	294	539
SUNNYVALE	3,478	4,931	4,337	4,295	4,587	4,112	3,751	3,768	3,836
UNINCORPORATED	195	150	185	190	133	160	166	164	1,446
SANTA CLARA COUNTY	65,233	63,208	62,227	62,385	59,024	58,238	59,504	59,441	57,991
BENICIA	511	644	763	781	515	611	517	509	413
DIXON	1,155	744	772	777	595	618	773	771	1,464
FAIRFIELD	6,247	4,723	4,819	4,845	3,886	3,963	4,545	4,535	3,812
RIO VISTA	2,475	1,476	1,339	1,325	1,181	1,071	1,520	1,526	1,391
SUISUN CITY	1,387	908	841	835	835	781	997	999	1,004
VACAVILLE	4,499	3,376	3,302	3,303	2,701	2,641	3,121	3,120	4,636
VALLEJO	7,068	4,675	4,735	4,753	4,336	4,384	5,324	5,317	3,242
UNINCORPORATED	45	29	185	203	23	148	100	92	2,719
SOLANO COUNTY	23,387	16,576	16,756	16,822	14,073	14,217	16,896	16,869	18,681

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	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
CLOVERDALE	797	495	466	463	544	521	652	653	423
COTATI	243	357	244	233	508	418	413	418	567
HEALDSBURG	404	341	414	424	392	450	450	446	573
PETALUMA	2,454	2,135	2,290	2,317	1,938	2,063	2,139	2,128	1,144
ROHNERT PARK	1,128	2,343	1,317	1,210	2,006	1,186	1,067	1,110	2,124
SANTA ROSA	8,006	7,839	7,236	7,198	6,621	6,139	6,432	6,447	7,654
SEBASTOPOL	211	110	281	302	88	225	205	197	274
SONOMA	513	270	520	550	216	416	425	413	684
WINDSOR	938	848	692	676	765	640	732	738	2,071
UNINCORPORATED	1,574	955	2,137	2,280	764	1,709	1,542	1,485	6,799
SONOMA COUNTY	16,269	15,691	15,596	15,653	13,842	13,767	14,058	14,036	22,313
REGION	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743